

Message Text

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15

ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 OMB-01 SS-15 NSC-05 /087 W

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R 120838Z MAY 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 3391

INFO AMEMBASSY ABU DHABI

AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: USEGJC EAID EFIN

SUBJECT: FINANCE: SHORT-TERM LOANS DOWN TO LE 540 MILLION

1. PRESS QUOTES MINFIN UNDERSECRETARY SARRAF, WHO HANDLES FOREIGN EXCHANGE BUDGET, AS STATING THAT SHORT-TERM LOANS, READ BANKING FACILITIES, ARE DOWN TO LE 540 MILLION (\$1.3 BILLION) FROM A HIGH OF LE 945 MILLION IN 1974 (\$2.3 BILLION) AND LE 700 MILLION IN 1975 (\$1.7 BILLION).

2. COMMENT. ANNOUNCEMENT IS MORE OR LESS CORRECT, DEPENDING ON HOW YOU LOOK AT IT. ACCORDING TO LATEST IMF FIGURES, EGYPT HAD OUTSTANDING EXTERNAL BANK CREDITS TOTALLING LE 855 MILLION (\$2.1 BILLION) IN FEBRUARY OF THIS YEAR, INCLUDING UNDISBURSED AMOUNTS. FIGURE FOR DISBURSED AMOUNTS ONLY WAS LE 550 MILLION (\$1.3 BILLION), WHICH IS QUITE LIMITED OFFICIAL USE

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CLOSE TO SARRAF'S ANNOUNCED TOTAL.

3. IN FACT, IMF DATA SHOWS AMOUNTS UTILIZED DURING JANUARY AND FEBRUARY OF THIS YEAR TO BE DOWN ONLY SLIGHTLY FROM SIMILIAR PERIOD LAST YEAR, BUT DOWN CONSIDERABLY FROM 1974. ON OTHER HAND, TWO FIGURES MENTIONED PARA 2 ABOVE ARE NOT MARKEDLY DIFFERENT FROM THOSE OF PRECEEDING PERIODS. DISBURSED AMOUNT IS ACTUALLY UP SLIGHTLY.

4. ON BASIS INFO WE HAVE AVAILABLE, THERE IS A DOWNWARD TREND JUST BARELY DISCERNIBLE IN EGYPTIAN UTILIZATION OF SHORT-TERM, HIGH-COST BANK CREDITS. IBRD, IMF AND OTHERS HAVE BEEN URGING SUCH A COURSE OF ACTION FOR SOME TIME, AND GOE HAS PUBLICLY DISCUSSED ITS DESIRE TO DO SO. AUSTERITY PROGRAM NOW UNDER DISCUSSION - PARTICULARLY REDUCED IMPORTS - MAY MAKE IT POSSIBLE.
EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO06480
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760183-0139
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760564/aaaaccuu.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2004 by BoyleJA>; APPROVED <18 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINANCE: SHORT-TERM LOANS DOWN TO LE 540 MILLION
TAGS: EAID, EFIN, USEGJC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006